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TO RUEHC/SECSTATE WASHDC PRIORITY 8279
INFO RUEHZK/ECOWAS COLLECTIVE
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RUEHBJ/AMEMBASSY BEIJING 0181
RUEHRL/AMEMBASSY BERLIN 0562
RUEHDO/AMEMBASSY DOHA 0484
RUEHLO/AMEMBASSY LONDON 0546
RUEHMD/AMEMBASSY MADRID 2089
RUEHFR/AMEMBASSY PARIS 0894
RUEHPG/AMEMBASSY PRAGUE 0119
RHMFISS/HQ USAFRICOM STUTTGART GE
RHMFISS/COMSOCEUR VAIHINGEN GE
RUEHBS/USEU BRUSSELS
RUEHDS/USMISSION USAU ADDIS ABABA
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C O N F I D E N T I A L SECTION 01 OF 02 NOUAKCHOTT 000236

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E.O. 12958: DECL: 04/01/2019

TAGS: [ECON](#) [EAID](#) [EINV](#) [ETRD](#) [PREL](#) [MR](#) [CH](#) [IR](#) [LY](#)

SUBJECT: MAURITANIA TURNS TO CHINA, LIBYA AND IRAN FOR AID
AND INVESTMENT

Classified By: Charge d'Affaires Dennis Hankins for reasons 1.4 (b) and
(d).

11. (C) Summary: China agreed to provide a low-interest loan to the Government of the Islamic Republic of Mauritania to finance a \$294 million expansion of the Port of Nouakchott. The port will be expanded from 500 meters to 1400 meters, allowing it to accommodate four ships at a time. China also announced a \$100 million investment in Mauritania to finance several new projects including a new hospital, commercial center and housing. Chinese private investors announced an additional \$12 million investment, which will be closely tied to the public investment. In addition to the new Chinese investments, Libyan leader Mouamar Qadhafi announced during his March visit to Mauritania that the Libyan-Africa Investment Fund will finance the 30 million euro construction of a new five star hotel in Nouakchott. A separate agreement will give Libyan investors in Mauritania's agriculture, fishing, and real estate sectors special privileges. Following his March 23-24 visit to Mauritania, Iranian Foreign Minister Manuchehr Motaki signed an agreement with the Mauritanian "Foreign Minister" to increase Iranian cooperation in Mauritania's health, petroleum, energy, and commerce sectors as well as make investments in Mauritanian agriculture and mining. Iran may be particularly interested in Mauritania's mining sector because of its proven uranium reserves. End Summary.

12. (SBU) Mauritanian "Minister of Economy and Development" Sidi Ould Tah and Chinese Ambassador to Mauritania Zhang Shun signed an agreement January 11 to expand the Port of Nouakchott. The port expansion will be financed by a loan from the Chinese government for \$294 million. The Government of the Islamic Republic of Mauritania (GIRM) will have 20 years to repay the loan at an interest rate of 2%. A Chinese company is expected to carry out the expansion. As it has done with other projects that it has financed in Mauritania, the Chinese government will most likely pay the construction company directly for the work rather than funneling the money through the GIRM. The current port, built by the Chinese in 1986, is 500 meters long. The expansion will enlarge the port to 1400 meters, allowing it to accommodate four ships at a time. The port expansion follows a 2008 agreement by the Chinese to finance a new railroad line from Nouakchott to the southern town of Kaedi, which will be used for the eventual exportation of Mauritania's gypsum reserves. Tah called the agreement "a leap ahead not only for relations between

Mauritania and China but also between our country the rest of its development partners."

¶3. (U) The Chinese government signed an agreement with the junta February 18 to finance several new projects in Mauritania. The agreement was signed by Sidi Ould Tah and Zhang Haijun, vice-president of the Agro-Alimentary and Technical Sciences Commission of China. The investment, worth approximately \$100 million, includes the construction of a new hospital, a housing complex, a wholesale commercial center where Chinese products will be sold, a depot at the Port of Nouakchott for Chinese equipment and products, a solar energy project, a 500 hectare agricultural pilot project, and an urban transport project for Nouakchott. Mauritanian "Minister of Health" Mohamed Abdallahi Ould Siyam and the Director General of China Geo Engineering Corporation Lin Jian Yong signed the agreement to construct the new hospital March 29. The construction of the hospital will cost approximately \$10 million and will take 18 months to complete. The hospital, to be located in the Arafat neighborhood of Nouakchott, will have 86 beds and will provide both general and specialized services.

¶4. (C) A dozen Chinese investors led by former Chinese Ambassador to Mauritania Li Guoxue made two visits to Mauritania in February and March. Li and Mauritanian "Commissioner for Investment Promotion" Ba Houdou Abdoul announced March 17 that six Chinese companies would make investments in Mauritania, totaling approximately \$12 million. The six companies involved include OADI

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Agriculture, the Sino-Mauritanian Commercial Company, Atlantic Energy Company, International Friendship Hospital, a housing construction company, and the Free Trade Zone Company. Little is known about any of these companies and they appear to be newly created specifically to operate in Mauritania. These private investments appear to be closely tied to the recent investments announced by the Government of China. The GIRM reportedly made very favorable concessions to entice Chinese private investment.

¶5. (C) During his visit to Mauritania, Libyan leader Mouamar Qadhafi announced that the Libyan-Africa Investment Fund will finance the construction of a new five star hotel in Nouakchott. Qadhafi and General Aziz participated in a ceremonial laying of the first brick for the new hotel March 12. The 22 story building, which is supposed to be built in the shape of a palm tree, will include 234 rooms and 16 suites. The hotel is expected to cost 30 million euros. Many Mauritaniens are extremely skeptical about whether the hotel will actually be completed given that many of Qadhafi's other projects in Africa remain unfinished. In addition, the grandiose scale of the project seems out of place for Nouakchott. The 22 story building will be more than twice of the height of the current tallest building. It is also unclear if the market could sustain 300 more hotel rooms given the relatively few visitors that come to Nouakchott each year. Following Qadhafi's visit, the junta signed another investment agreement with the Libyan-Africa Investment Fund March 26. The twelve year agreement will give special privileges to Libyan companies investing in agriculture, fishing and real estate in Mauritania.

¶6. (C) Iranian Foreign Minister Manuchehr Motaki visited Mauritania March 23-24 to meet with General Aziz and "Foreign Minister" Mohamed Mahmoud Ould Mohamedou. The Iranian Deputy Ministers of Agriculture, Industry, Energy, Social Affairs and Health accompanied Motaki. One of the "highlights" of Motaki's visit was a trip to the Israeli-built oncology hospital in Nouakchott. Motaki promised that Iran would rebuild the hospital and provide training for its staff. At the end of the visit, Motaki pledged increased cooperation between Iran and Mauritania. Motaki and Mohamedou signed an agreement to increase Iranian cooperation in health, petroleum, energy, and commerce as well as investments in

Mauritania's agriculture and mining sectors. Mauritania has proven uranium reserves, which may be of great interest to Iran. The agreement has not been made public yet, so the exact nature of Iran's investment in Mauritania's mining sector is not clear. Post will continue to follow Iranian activities in Mauritania and try to obtain further details about the investment agreement.

17. (C) Comment: While China remains quietly opposed to the coup, its political position has done little to limit its continued investments in Mauritania. China seems able to separate its political interests from its commercial interests. Libya and Iran, on the other hand, strongly support General Aziz and are using these investments and promises of increased assistance to strengthen their bilateral relations with Mauritania. The junta appears to be looking to China, Libya and Iran to keep money and financing flowing into Mauritania to make up for assistance that other donors have cut off since the coup. The junta also appears to be trying to demonstrate that it can still attract aid and investment from foreign partners. End Comment.

HANKINS